

AUDIT COMMITTEE

25 July 2024

REPORT OF ASSISTANT DIRECTOR FINANCE & IT

A.2 AUDIT COMMITTEE – TABLE OF OUTSTANDING ISSUES

(Report prepared by Richard Barrett and Karen Hayes)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To present to the Committee the progress on outstanding actions identified by the Committee along with general updates on other issues that fall within the responsibilities of the Committee.

EXECUTIVE SUMMARY

- A Table of Outstanding Issues is maintained and reported to each meeting of the Committee. This approach enables the Committee to effectively monitor progress on issues and items that form part of its governance responsibilities.
- Updates are set out against general items within **Appendix A and B**.
- To date there are no significant issues arising from the above, with work remaining in progress or updates provided elsewhere on the agenda where appropriate.
- In-line with associated guidance, it is proposed to consider the appointment of Independent Persons to the Audit Committee, with further details set out later on in this report along with a recommendation

RECOMMENDATION(S)

It is recommended that the Committee:

- a) **Notes and considers the progress against the actions set out in Appendix A and B; and**
- b) **in noting the action set out in Appendix A relating to the appointment of Independent Persons to the Audit Committee, endorses the approach of appointing at least two such people and requests Officers to review the arrangements necessary and presents an associated plan to the next meeting of the Committee.**

REASON(S) FOR THE RECOMMENDATION(S)

To provide a timely update to the Committee along with reassurances that actions previously identified are being addressed accordingly.

ALTERNATIVE OPTIONS CONSIDERED

There are no alternative options associated with this report.

PART 2 – IMPLICATIONS OF THE DECISION**DELIVERING PRIORITIES**

The existence of sound governance, internal control and financial management practices and procedures are essential to the delivery of Corporate priorities supported by effective management and forward planning within this overall framework.

LEGAL REQUIREMENTS (including legislation & constitutional powers)

There are no direct legal implications associated with this report.

FINANCE AND OTHER RESOURCE IMPLICATIONS**Finance and other resources**

There are no significant financial implications associated with monitoring of the agreed actions or responses. If additional resources are required then appropriate steps will be taken including any necessary reporting requirements.

USE OF RESOURCES AND VALUE FOR MONEY

The following are submitted in respect of the indicated use of resources and value for money indicators:

A) Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;	Not directly applicable
B) Governance: how the body ensures that it makes informed decisions and properly manages its risks, including; and	Not directly applicable
C) Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.	Not directly applicable

MILESTONES AND DELIVERY

The Table of Outstanding Issues is presented to the Audit Committee at each of its standard meetings.

ASSOCIATED RISKS AND MITIGATION

The Table of Outstanding Issues is in itself a response to potential risk exposure with further activity highlighted to address matters raised by the Audit Committee.

The report does not have a direct impact although such issues could feature in future recommendations and actions. Any actions that may have an impact will be considered and appropriate steps taken to address any issues that may arise.

OUTCOME OF CONSULTATION AND ENGAGEMENT

There is no requirement to seek consultation on this report. This is a public document to be presented to the Audit Committee.

EQUALITIES	
The Table of Outstanding Issues aims to deliver fairness, transparency and consistency to all customers and stakeholders.	
SOCIAL VALUE CONSIDERATIONS	
The Table of Outstanding Issues is in itself a response to potential risk exposure, including considerations towards social value, with further activity highlighted to address matters raised by the Audit Committee.	
IMPLICATIONS FOR THE COUNCIL'S AIM TO BE NET ZERO BY 2030	
The governance arrangements associated with the Council's aim to be net zero by 2030 fall within the Audit Committee's terms of reference and an update was provided to the Committee at its last meeting.	
OTHER RELEVANT IMPLICATIONS	
Consideration has been given to the implications of the proposed decision in respect of the following and any significant issues are set out below.	
Crime and Disorder	Not applicable
Health Inequalities	Not applicable
Area or Ward affected	All Wards could be affected
ANY OTHER RELEVANT INFORMATION	
None	

PART 3 – SUPPORTING INFORMATION

BACKGROUND
TABLE OF OUTSTANDING ISSUES
<p>The Table of Outstanding Issues has been reviewed and updated since it was last considered by the Committee in April 2024.</p> <p>There are two main elements to this report as follows:</p> <ol style="list-style-type: none"> 1) Updates against general items raised by the Committee – APPENDIX A 2) Updates against the 2023/24 Annual Governance Statement Action Plan – APPENDIX B <p>In terms of item 1) above, there are no significant issues to raise, with actions remaining in progress or further details set out below.</p> <p>Notwithstanding the above, it is important to highlight the action set out in Appendix A, relating to the appointment of Independent Persons to the Audit Committee. Within CIPFA's most recently published position statement on Audit Committees In Local Authorities and Police, they highlighted a number of considerations that will be reflected in the proposed / upcoming review of the effectiveness of the Audit Committee along with the following key considerations relating to Independent Persons [extract from the guidance]:</p>

- *The audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation. Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee should include at least two co-opted independent members to provide appropriate technical expertise*
- *When selecting elected representatives to be on the committee or when co-opting independent members, aptitude should be considered alongside relevant knowledge, skills and experience.*
- *The appointment of co-opted independent members on the committee should consider the overall knowledge and expertise of the existing members.*

With the above in mind, a recommendation is set earlier in this report that seeks the Audit Committees endorsement of appointing at least two Independent Persons to the Committee in-line with CIPFA's guidance and requests Officers to explore the necessary activities that need to be undertaken for reporting back to the next meeting of the Committee.

It is also worth highlighting an item on the Audit Committee's Work Programme that was approved at their meeting in April 2024 that related to an introduction to the audit / governance framework and terms of reference of the Audit Committee. This has in effect been addressed via the various induction / training sessions undertaken during 2023/24 so has been removed from the 2024/25 work programme. The approach taken to date will be further supported via the proposed training modules highlighted within **Appendix A**.

In respect of the 2023/24 Annual Governance Statement Action Plan, although this remains subject to the Committee's final approval later in the year once the work of the External Auditor is completed, for timely and practical reasons the version currently published at the end of May 2024 alongside the Unaudited Statement of Accounts is being presented to the Committee now. This approach enables the actions and associated updates to be considered as early as possible within the Committee's annual work programme. **Appendix B** therefore includes outstanding items from last year's Annual Governance Statement alongside new items for the year. There are no significant issues to highlight at the present time with actions and activities remaining on-going.

Outstanding actions – further details along with other issues identified

Continuing External Audit delays and an update on the External Auditor's work on the Council's Statement of Accounts 2020/21 – 2022/23

To date, no further update has been received from the Council's Auditors BDO. However, an update will be provided directly at the meeting where possible.

It is currently understood that due to the timing of the recent Parliamentary elections there is likely to be a delay in implementing the proposed backstop dates that were intended to provide a response to the ongoing external audit delays being experienced nationally. This is due to the fact that changes to legislation are expected to be required as part of implementing the backstop approach. Key commentators on the situation have also suggested that a change in approach may be being considered by the relevant key organisations. Timely updates will be provided to the Committee either directly at their meetings or separately subject to the publication of any new information.

PREVIOUS RELEVANT DECISIONS TAKEN BY COUNCIL/CABINET/COMMITTEE ETC.

The Table of Outstanding Issues is presented to the Committee at each of its meetings.

BACKGROUND PAPERS AND PUBLISHED REFERENCE MATERIAL

None

APPENDICES

Appendix A – Table of Outstanding Issues (July 2024) – General

Appendix B – Table of Outstanding Issues (July 2024) – Update against 2023/24 Annual Governance Statement Actions

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